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Number of Poor and Homeless Children Increasing in California Yet Governor Proposes Cutting 310,000 Children from Cash Assistance Revised January 15, 2009

New data from schools and human service agencies is showing a dramatic increase in the number of homeless families with children in California. According to the California Department of Education nearly 224,000 children in the K-12 system were homeless during 2007-8, a 27 percent increase in just 1 year. Meanwhile, county human service agencies are seeing rapid increases in requests for CalWORKs, Food Stamps and family homeless assistance. Governor Schwarzenegger is, however, proposing to reduce eligibility and funding for CalWORKs just when California needs them most. If approved 310,000 children, (almost 1 in every 3 children on welfare) would lose all cash aid and be at great risk of joining the 224,000 school children already homeless.

Rising Need

Since 1996 the number of families receiving CalWORKs cash aid has declined steadily from a peak of 900,000 down to a low of about 454,000 monthly cases in 2007-8. But in 2008, mostly due to the rise in unemployment, the CalWORKs caseload increased to 483,000 cases a month.¹ More noticeably, from September 2007 to September 2008 applications for CalWORKs increased by 22 percent² while Food Stamps applications increased 33 percent.³

California is also seeing a rising number of homeless CalWORKs families. Partly driven by the economy and partly driven by the foreclosure crisis, the number of applicants for the CalWORKs Homeless Assistance Program increased by 25.6 percent from September 2007 to September 2008 even though it is limited to once a lifetime for most families.⁴ Los Angeles County reports that the number of families identified as homeless (not

¹ Department of Social Services, CalWORKs Program Caseload by Category, September 2007 to September 2008 <http://www.cdss.ca.gov/research/res/pdf/CA237Caseload.pdf>

² Department of Social Services, CalWORKs Program Applications Received, September 2007 to September 2008 <http://www.cdss.ca.gov/research/res/pdf/caltrends/CA237AppRecd.pdf>

³ Department of Social Services, Food Stamp Program Applications Received, September 2007 to September 2008 <http://www.cdss.ca.gov/research/res/pdf/foodtrends/FS02.pdf>

⁴ Department of Social Services, Homeless Assistance Program Applications Received, September 2007 to September 2008 <http://www.cdss.ca.gov/research/res/pdf/ca237ha/2008/CA237HASep08.pdf>

necessarily receiving CalWORKs Homeless Assistance) increased by 28.3 percent from March 2008 to September 2008.

Rising Number of Homeless School Children

The rise in homeless families can also be seen in California's public education system. Research shows that, generally speaking, homeless children are more likely to suffer from health/mental health problems, developmental problems, and are more likely to perform poorly in school, than other children and youth with stable housing.⁵

The California Department of Education reports that 224,000 school children were homeless in 2007-8, a 27 percent increase in just one year.⁶ Overall homelessness among California school children has increased 51 percent increase since 2004-5. These figures are corroborated by a new national survey of schools conducted in Fall 2008. The National Association for the Education of Homeless Children and Youth report that of 1,600 districts surveyed that:

- 330 school districts identified the same number or more homeless students in the first few months of this school year than they identified the entire previous year.
- 847 school districts identified half or more of last year's caseload in the first few months of this school year.
- 459 school districts had an increase of at least 25 percent in the number of homeless students identified between the 2006-2007 and 2007-2008 school years.⁷

According to NAEHCY, *"San Bernardino City Unified School District provides a similar example, having a 33 percent increase in homeless students between the 2006-2007 and 2007-2008 school years. During the 2006-2007 school year, San Bernardino identified 1,274 homeless students. During the 2007-2008 school year, 1,700 homeless students were identified. Two months into this school year (by October 28, 2008), San Bernardino identified more homeless students than were identified during the entire 2006-2007 school year."*

Governor's CalWORKs Proposals Will Make the Problem Worse

Despite rising numbers of families in need and increasing numbers of homeless families in California, Governor Schwarzenegger continues to call for draconian reductions in eligibility and grant levels for families with children.

The Governor's CalWORKs proposals would reduce assistance to poor families by \$1 billion despite the fact that CalWORKs spending is 20 percent lower than it was in 1994 in real dollars, not inflation adjusted dollars. The Governor's proposals would eliminate all cash assistance for more than 310,000 children, nearly 1 in every 3

⁵ Center on Budget and Policy Priorities, *Number of Homeless Families Climbing in Recession*, January 2009, <http://www.cbpp.org/1-8-09hous.pdf>

⁶ California Department of Education, Homeless Education Data 2004-5 to 2007-8.

⁷ National Association for the Education of Homeless Children and Youth, *The Economic Crisis Hits Home*, December 2008, <http://www.naehcy.org/dl/TheEconomicCrisisHitsHome.pdf>

children receiving assistance. In addition the Governor seeks to cut the grant levels for all families by 10 percent or about \$72 a month for a family of three getting the maximum grant of \$723 a month. Finally the Governor is proposing to reduce funding for counties to manage the program that will lead to a delay in receipt of benefits and services for families.

Cuts of this magnitude would leave tens of thousands more children homeless and at great risk. Not only would many children likely end up in foster care and child welfare programs, there is substantial evidence that homeless children fare less well than their “housed” fellow students. Given that many CalWORKs children are already attending low performing schools, eliminating all cash assistance would create a major new barrier to overcome in these children’s lives.

Specifics on the Governor’s 2009-10 CalWORKs Budget proposal:

- 10% grant cut, reduces maximum grant for family of 3 from \$723 to \$651 a month. This cuts \$341 million over 18 months for the 500,000 families in the program. It eliminates cash assistance for more than 30,000 children and eliminates parents who are helping California meet federal work participation. This will increase federal TANF penalties for California if adopted by the Legislature.⁸
- “Modified” Safety Net actually cuts 98,000 children off all cash aid if their parents fail to meet federal work requirements and cuts \$301 million. Research shows the parents in these families have the most barriers to work.
- 60 month time limit on child only cases where adult is not eligible due to immigration status. Cuts 150,000 children off all cash aid while reducing CalWORKs funding by \$289 million. These cases do not count for federal work participation purposes and thus there is no policy rationale for this proposal.
- Self-Sufficiency Reviews every 6 months if adult is not meeting work requirements. Failure by parent to attend review results in children being cut from aid. Cuts \$104 million by cutting about 32,000 children off all cash aid. The number of children and funds impacted will increase if the Legislature does not approve the Modified Safety Net or Child Only Proposals.
- Reduce funding for county administration by \$60 million.

CalWORKs Not Causing Budget Crisis

- Spends 58% **less** state dollars than in 1994 (\$3.4 billion > \$2 billion, including a \$650 million cut since 2003-4)
- CalWORKs contributes *another* \$1 billion each year to the state budget for non-welfare spending
- Current maximum grant level of \$723 a month for family of 3 is just \$29 higher than in 1989.
- Grants have not been increased since December 2004.

⁸ All budget figures from Department of Social Services, January 2009 Local Assistance Estimates, and reflect cuts for 2008-9 and 2009-10

<http://www.dss.cahwnet.gov/cdssweb/entres/localassistanceest/2009/EstimateMethodologies.pdf>